

Main Questions and Answers
Meeting for the Financial Results for the First Quarter of
the Fiscal Year Ending March 31, 2023

Q 1 Please explain the details and objectives of the structural reforms in the Medium-term management plan "One YAMATO 2023", as well as the timeline for achieving the results.

- In order to position changes in consumption behavior and the supply chain as opportunities, and become a company that provides value on an "End To End" basis, covering the upstream to downstream of our clients' businesses, we have brought together the Group's management resources and established a new structure in facing our clients since April 2021. We are working on providing value of "TA-Q-BIN + α " to our core clients in each region, as well as providing value that leads to supply chain and business process reforms of the EC, global, national and area account clients.
- While establishing a last-mile network designated for the growing EC market, corporate deliveries and temperature-controlled deliveries, in the urban areas where demand is concentrated, we are consolidating and enlarging the TA-Q-BIN network facilities that serve as the base, redefining the functions of our terminals, and establishing operations and IT systems that allow the effective functioning of these networks.
- In developing the EC logistics network, we have until the previous fiscal year been working on collaborating with partners who handle EC deliveries, while establishing terminals (EC sorting centers) designated for EC parcel shipments. From this fiscal year onwards, we will deploy large-scale last-mile facilities designated for EC (EC delivery centers), thereby directly connecting the EC sorting center to the last-mile, and simplifying the operational process to achieve higher efficiency. The positive impact of this initiative will be realized step by step from the second half of this fiscal year, and we are expecting a 24 billion yen cost reduction effect in the fiscal year ending March 2024.
- Moreover, in the TA-Q-BIN network after separating EC, corporate and temperature controlled deliveries, we will consolidate and enlarge the current small-scale and dispersed last-mile facilities, and will make the entire network more efficient by integrating them with the terminal functions. We plan to continue this initiative even after the period of the current Medium-term management plan, but as of the fiscal year ending March 2024, we are expecting 8 billion yen of cost reduction effect.

Q 2 Please summarize the financial results for the first quarter of the fiscal year ending March 31, 2023.

- In terms of operating revenue, we made progress in providing solutions to provide value on an "End To End" basis to cover the entire supply chains of our clients, as well as in sales activities to large-lot corporate clients. However, demand was sluggish for the core clients in each region.
- Operating profit was lower than expected, despite progress in initiatives to optimize the overall network and operations, as it was not enough to offset the decline in operating revenue.
- As for our clients in each region, we will clarify the roles and responsibilities of each regional branch, the corporate salespeople in headquarters, and the Sales Drivers, and each will strengthen collaboration and increase the number of proposals to clients, thereby achieving an improvement in performance in the second quarter onwards.
- As for the optimization of the entire network operations, we are gradually starting to see the positive effects of our initiatives, and we will accelerate our efforts in the second quarter onwards.

Q 3 Please explain about the status of optimizing the overall network and operations.

- In order to capture the growing EC demand and achieve profit growth, we are continuing to build the EC logistics network with a more simplified operational process covering the pick-up, sorting, transportation and last-mile deliveries of large EC platformer clients, while optimizing the overall network operations, including our existing network.
- We are in the process of establishing an operational process that makes effective use of multiple last-mile networks, such as by streamlining the diagrams for trunk-route transportation between terminals, and adjusting operations of facilities based on the workload. We are starting to see the positive effects from optimizing transportation-related costs in June onwards, and will further strive to optimize costs in the second quarter onwards by accelerating these initiatives.